

Annual Meeting of Shareholders Conference Call and Webcast Transcript

Date: Friday, May 5, 2017

Time: 1:00 PM PT

Speakers: **Dr. Thomas Kaplan**
Chairman of the Board

Gregory Lang
President and Chief Executive Officer

David Deisley
Executive Vice President and General Counsel

OPERATOR:

Welcome to the NOVAGOLD 2017 Annual General Meeting of Shareholders Conference Call and Webcast. As a reminder, all participants are in listen-only mode and the conference is being recorded. Should anyone need assistance during the conference call, they may signal an Operator by pressing star, and zero on their telephones. Please direct any questions for NOVAGOLD to info@novagold.com, or call Investor Relations at 1-866-669-6227. The Company will respond as quickly as possible to any queries.

At this time, I would like to turn your attention to the Hyatt Regency in Vancouver where the NOVAGOLD 2017 Annual General Meeting of Shareholders will begin momentarily. Thank you.

GREGORY LANG:

Good afternoon, everyone. My name is Greg Lang. I'm the President and CEO of NOVAGOLD. Thank you for attending this Annual Meeting of Shareholders of NOVAGOLD Resources, Incorporated. We thank all of our shareholders, partners, associates, and employees, and extend a special thank you to those who are present today and to those who traveled to attend this meeting. We are grateful for your interest and your support.

There are a couple of housekeeping items for those of you in the room today. Please turn your cellphones to silent mode, and note that in the case of an emergency, you should exit the building using the stairs outside the entrance to the conference room, which is directly across the hallway.

As part of today's agenda, Dave Deisley, Executive Vice President and General Counsel of NOVAGOLD, will begin by taking us through the official business portion of the meeting. Dr. Thomas Kaplan, the Chairman of the Board of Directors, will then make a few remarks about gold and the Company. I will follow with an overview of our 2016 results and the outlook for the remainder of this year. We will then conclude with a question-and-answer period. David?

DAVID DEISLEY:

Thank you very much, Greg. Good afternoon, everyone. As Greg mentioned, my name is David Deisley. I am the Executive Vice President and General Counsel of NOVAGOLD. Should anyone present need a copy of the proxy or the Management Information Circular, there are copies available at the registration desk. If there are any NOVAGOLD shareholders as of the record date of March 13,

2017 who are present today but who have not yet registered with Computershare at the registration desk or deposited a proxy, please let me know now.

I'd like to take this opportunity at the outset of our meeting to introduce our Directors to you. If each of our Directors would stand as I announce their names, I would appreciate it. Sharon Dowdall, Dr. Marc Faber, Dr. Thomas Kaplan, Greg Lang, Gillyeard Leathley, Igor Levental, Kalidas Madhavpeddi, Gerald McConnell, Clynton Nauman, Rick Van Nieuwenhuyse, and Anthony Walsh. Many thanks to each of our Directors for taking time out of their busy schedules to be with us today.

The meeting will now come to order. Pursuant to the Articles of the Company, Greg Lang, President and CEO, will act as the Meeting Chairman; and I, David Deisley, Executive Vice President and General Counsel of NOVAGOLD, will act as the Meeting Secretary. With the consent of the meeting, the Chair appoints Jenny Karim of Computershare Investor Services Inc. as the scrutineer.

The notice calling this Meeting of the Shareholders was mailed by the Company's—or excuse me, by the Company's transfer agent, Computershare Investor Services, Inc., to all the shareholders of record as of March 13, 2017. The declaration of Computershare as to such mailing is available for inspection by any shareholder, and I will append the declaration as a schedule to the minutes of this meeting.

As the scrutineer has completed the tabulation of the shareholders present in person, or represented by proxy, I will read the report of the scrutineer to the meeting. The information indicates that there are a total of 234 shareholders present in person or by proxy representing 260,710,238 shares of the Company which represents 81.05% of the issued and outstanding shares. A quorum to the meeting of NOVAGOLD shareholders is achieved if at least two shareholders are present personally or represented by proxy at the meeting and those shareholders hold not less than 25% of the issued shares of the Company entitled to vote at the meeting.

The report of the scrutineer indicates that a quorum is present, and as notice has been properly given, I declare this meeting regularly and duly called and constituted for the transaction of business.

There are eight formal items of business before the meeting today. The first is to verify the minutes of the 2016 Annual General Meeting of the Shareholders. The second is to receive the Annual Report of the Directors containing the consolidated financial statements of the Company. The third is to elect

the Directors for the forthcoming year. The fourth is to appoint the Company's Auditor and to authorize the Directors through the Audit Committee to affix the Auditor's remuneration for the forthcoming year. The fifth is to consider, and if deemed appropriate, approve a non-binding resolution approving the compensation of the Company's named Executive Officers. The sixth is to consider, and if deemed appropriate, approve a resolution approving the unallocated entitlements under the Company's stock award plan. The seventh is to consider, and if deemed appropriate, approve a resolution approving the unallocated entitlements under the Company's performance share unit plan. Finally, the eighth is to consider, and if deemed appropriate, approve a resolution approving the unallocated entitlements under the Company's deferred share unit plan.

The first matter is the minutes. The minutes of the Annual Meeting of the Shareholders that was held on May 13, 2016 are available for perusal by any shareholder. The Chair will entertain a motion to take the minutes as read and verified. Do I have such a motion?

Thank you. A second?

Thank you. Is there any discussion on this motion? There being no discussion, all in favour, please raise your right hand. Are there any opposed? It is carried.

The next matter we will address is the Annual Report of the Directors containing the consolidated financial statements of NOVAGOLD for the year-ended November 30, 2016, together with the Auditor's report thereon. A copy of the audited financial statements was mailed to each shareholder of record who specifically requested a copy. Extra copies are available at the registration desk. The Chair will now entertain questions on the financial statements of the Company. Are there any questions?

There being no questions, we will move on to the next item of business, which is the election of Directors. The Board of Directors has determined that the business of the Company can be properly conducted by a Board of Directors consisting of 11 Directors. The following 11 individuals are proposed as nominees to the Board of Directors as set out in the Management Information Circular: Sharon Dowdall, Dr. Marc Faber, Dr. Thomas Kaplan, Greg Lang, Gillyeard Leathley, Igor Levental, Kalidas Madhavpeddi, Gerald McConnell, Clynton Nauman, Rick Van Nieuwenhuyse, and Anthony Walsh. These proposed nominees have all been contacted and all consent to their nomination to the

Board. Can I have a motion nominating these 11 individuals for election as Directors of the Company to hold office until their successors are duly elected or appointed?

Thank you. A second?

Thank you. There being no more nominations, I declare the nominations closed. Given the majority voting policy adopted by NOVAGOLD's Board, a poll will be taken on this matter. Any registered shareholder present who wishes to cast a ballot may do so, unless the shareholder has already given a proxy.

Those shareholders who have already given proxies need not vote again and should not vote again using the ballot, unless they first sign a revocation of proxy. Ballots and revocation forms were made available by Computershare at the registration desk. If you are entitled to vote on this matter but did not receive a ballot, please raise your hand and the scrutineer will provide you with a ballot at this time.

On the ballot, you will find the names of the 11 Management nominees. Please indicate beside the name of each nominee whether you vote for or withhold your vote for such nominee by marking an X in the appropriate spot. Once you have completed the voting, please raise your hand and the scrutineer will collect your ballot. The ballots that were held by Management have been cast. Now is the time if anyone has a ballot to make it available for collection by the scrutineer. I will report the results of the poll when the scrutineers' tally has been completed.

The next item of business is to appoint Auditors of the Company to hold office until the next Annual Meeting. The Chair will entertain a motion that PricewaterhouseCoopers LLP, located in Vancouver, British Columbia, be appointed Auditors of the Company to hold office until the next Annual Meeting, or until their successors are duly appointed, and that the Directors through the Audit Committee be authorized to affix their remuneration. Do I have such a motion?

Thank you. A second?

Thank you. All those in favour, please raise your right hand. Are there any opposed?

There being none opposed, the motion is carried.

I now declare that PricewaterhouseCoopers LLP be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting of the Shareholders or until their successors are duly appointed, and that the Directors through the Audit Committee be and are hereby authorized to affix their remuneration.

The next item of business is to consider, and if thought fit, approve a non-binding resolution approving the compensation of the Company's named Executive Officers. The Company's compensation discussion and analysis is contained on Pages 42 through 63 of the Management Information Circular. The full text of the proposed non-binding resolution approving the compensation of the Company's named Executive Officers is set out on Page 11 of the Management Information Circular. Do I have a motion to approve the non-binding resolution approving the compensation of the Company's named Executive Officers?

Thank you. A second?

Thank you. Is there any discussion on this motion?

There being no discussion, I will ask all who are in favour of a non-binding resolution approving the compensation of the Company's named Executive Officers to raise your right hand. Are there any opposed?

I therefore declare the non-binding resolution approving the compensation of the Company's named Executive Officers carried by a majority of the votes cast on the resolution.

The next item of business is to consider, and if thought fit, approve all unallocated entitlements under the Company's stock award plan. A description of the stock award plan and the proposal before the shareholders is contained on Pages 11 through 15 of the Management Information Circular. The full text of the stock award plan is set out in Appendix A of the Management Information Circular and the full text of the stock award plan resolution is set out in Appendix B of the Management Information Circular. Do I have a motion to approve the stock award plan resolution?

Thank you. Second?

Thank you. Is there any discussion on the motion?

There being no discussion on the motion, I will ask all in favour of the stock award plan resolution to raise their hand. Are there any opposed?

I therefore declare that the stock award plan resolution carried by a majority of the votes cast on the resolution.

The next item of business is to consider, and if thought fit, approve all unallocated entitlements under the Company's performance share unit plan. A description of the performance share unit plan and the proposal before the shareholders is contained on Pages 15 through 20 of the Management Information Circular. The full text of the performance share unit plan is set out in Appendix C of the Management Information Circular and the full text of the performance share unit plan resolution is set out in Appendix D of the Management Information Circular. Do I have a motion to approve the performance share unit plan resolution?

Thank you. A second?

Thank you. Is there any discussion on the motion?

There being no discussion, I ask all in favour of the performance share unit plan resolution to raise your hand. Are there any opposed?

I therefore declare the performance share unit plan resolution carried by a majority of the votes cast on the resolution.

The next item of business is to consider, and if thought fit, approve all the unallocated entitlements under the Company's deferred share unit plan. A description of the deferred share unit plan and the proposal before the shareholders is contained on Pages 20 through 24 of the Management Information Circular. The full text of the deferred share unit plan is set out in Appendix E of the Management Information Circular and the full text of the deferred share unit plan resolution is set out

in Appendix F of the Management Information Circular. Do I have a motion to approve the deferred share unit plan?

Thank you. A second?

Thank you. Is there any discussion on this motion?

There being no discussion, I will ask all in favour of the deferred share unit plan resolution to raise your hands. Are there any opposed?

I therefore declare the deferred share unit plan resolution carried by a majority of the votes cast on the resolution.

I have the results of the scrutineer with respect to the ballot on the election of Directors. I declare that Sharon Dowdall, Dr. Marc Faber, Dr. Thomas Kaplan, Gregory Lang, Gillyeard Leathley, Igor Levental, Kalidas Madhavpeddi, Gerald McConnell, Clynton Nauman, Rick Van Nieuwenhuyse, and Anthony Walsh elected as Directors of the Company to hold office until the next Annual Meeting of the Shareholders of NOVAGOLD or until their successors are duly elected or appointed. Details on the votes for or withheld from voting for each individual nominee will be disclosed in the manner provided in the Company's majority voting policy.

That concludes the formal items of business on the agenda. Is there any further business?

There being no further business, the Chair will entertain a motion to conclude the meeting. Do I have a motion to conclude the meeting?

Second? All in favour? Any opposed? The motion is carried. The formal portion of the meeting is now concluded. Thank you to everyone for their attendance.

It is now my pleasure to introduce Dr. Thomas Kaplan, Chairman of NOVAGOLD Resources.

DR. THOMAS KAPLAN:

Thank you, Dave. Before we get to Greg Lang's discussion about what makes NOVAGOLD really unique in the gold space, we're going to take a step back and that is to talk a little bit about, why gold? Why did someone want to be in that space? Where are we within the arc of what I believe to be a major bull market in gold, a continuing major bull market in gold? Leading up to why NOVAGOLD is the single best way to be able to play that gold bull market as it unfolds.

Basically, what you have here is a beautiful chart. That is, my friends, a bull market. It's what it's supposed to look like. You had from the year 2000 to 2011, 2012, a very rare unicorn-like phenomenon within the commodities world, and that is that for every single year for those 12 years, gold ended higher than it began the year for every year during those 12 years. Now, that's important to consider because it feeds into one of the reasons why I believe that that was simply the first leg in what will be a multi-year, multi-leg bull market.

What's followed since gold peaked at \$1,900-ish since until today is basically a correction within a bull market. It's not unusual if you've had such a long cyclical bull market to see a coming off. Now, I'm a historian by background, I work on the basis of fundamentals, but anyone who doesn't understand technical analysis is missing a great opportunity because basically what charts are are a representation of human brain waves over a certain period of time, that's why we can see what patterns look like.

What you had was leg number one. This is called a declining wedge. Declining wedges are continuation patterns to the underlying trend. That is an uptrend. Now, how does it resolve itself? Ultimately, at some point, it goes to new highs and you'll see \$1,900 surpassed. The way that this can resolve itself on a shorter-term basis, because I don't pretend to try to predict what's going to happen over the short-term, is we may have already seen a bottom or we could have one leg down. My guess is it could break down below that lower area, shake everybody out who still thought that they had confidence in the bull market in gold, and then continue up.

I've been in that movie before. My first enterprise in natural resources was at a silver mining company for 10 years between 1993, 1994 and when I retired from that company a decade later. Until the end of 2003, the price of silver traded in a band between \$4 and \$6 for 10 years. That is unbelievably boring. It's unbelievably frustrating. But then when it started to move, silver went back above \$6, and

it stayed there two days, three days, four days, and all the previous conceptions that India would never accept a higher silver price went away and then silver went to \$7, it went to \$8, \$9, \$10, \$11, \$12 and eventually returned to \$50. Even today, it's closer to \$20 than it was to \$4.

Gold is in a bull market. During those 12 years, when gold went up every single year, there were some years in which you had inflation fears, some years in which you had deflation fears, some years in which commodities and oil were strong, other years in which commodities and oil were weak, some years where interest rates were going up, some when interest rates were going down, some when there was political stability, some when there was political instability. Basically, for 12 years it didn't matter what the macroeconomic was like, gold went up.

That is a bull market. When you can't explain it it's a bull market. I'm always asked the question what will be the trigger for gold to make that move. I don't know. Some of the greater traders in the world, like Paul Tudor Jones, have said that the best move is the one that happens on news. I tend to agree with that. If I were to guess, I think one day will come in, gold will be \$200 or \$300 higher. It started in Tokyo. Nobody understands why. They're going to look for an ex post facto justification for it. I don't really think it matters. The fundamentals are all there for gold to go much higher.

First of all, let's deal with dispensing with methodologies. Gold is not a commodity. Gold is a currency. When I exited my energy company in 2017, the price of oil was \$140 a barrel, the price of gold had a \$600 handle. I don't have to tell you, gold is at \$1,200, double, and oil is struggling to stay above \$50 a barrel. There's a reason for that. They're not the same. You do not have to be a gold bug. You do not have to believe in the return of the gold standard to just understand that whether you like it or not. Even [John Maynard] Keynes said, "Whether I like it or not, gold is important to people." Nothing's changed.

The reality is, gold is a currency. Oil is a commodity. What we saw in the last financial crisis, for example, oil collapsed from \$140 to \$40, gold went from \$600 to \$1,200. That's because they're different. If, heaven forbid, we have an economic downturn, again, ever, if central banks won't be able to forestall that, gold's going much higher, but commodities could very easily collapse, because they're different.

Now, people will say, "Okay, but to be bullish on gold you have to be bearish on the dollar." Again, not true. Same story. Two thousand seven, I remember it extremely well. A beautiful Canadian company called Encana sent us a multibillion dollar cheque for our energy company. Oil, \$140. Gold \$600-ish. Very importantly, dollar/euro, which is presently trading at 1.09, was 1.47. In other words, gold has doubled at a time when the dollar has surged 30%, 40%.

Extremely important to realize, this market is very much dominated by myths. The way to make money is to be able to identify, to see through mythology and then have the patience to wait for the fundamentals to assert themselves. If you're a portfolio manager it's easier said than done. In our case, this is all we do is we take assets up the value chain and wait for people to come around to our point of view. It works. Trust me, it really does work. But it requires patience. I didn't know when silver would finally pop above \$6, but I can tell you that when it did we made 240 times our money, and then following the same strategy in platinum and hydrocarbons 100 times in each case based on great assets.

Now what you'll hear from Greg is he'll be discussing the assets of this Company. We've controlled or discovered some of the best assets in natural resources over the last two decades. None of them has been unique. This one, particularly Donlin, is unique.

If there's any major theme that I could impart about why one should be bullish on gold it's that the industry itself is imploding. It faces systematic existential challenges that cannot be resolved for decades, at best. You could discover the Witwatersrand. You could discover 10 Donlins and it wouldn't mean anything for probably 20 or 25 years. The horse is already out of the barn.

The fact is, gold production is declining. Our guess is that that's going to accelerate to the downside because people's estimations on projects that would have been built include many in the developing world that will not be built. They won't be financed. Institutional investors have learned that jurisdictional risk is very real, and candidly, for most fund managers, they're not going to take the career risk by betting on a mining company, of all things, that's trying to develop a project in a country where the rule of law is a novelty. They want to know that when they go to sleep at night what they thought they owned they still own. That argues for NAFTA. Despite what anyone might say, NAFTA is going to hold. By the way, if it doesn't hold it means that gold is on its way to \$20,000. So let's just—you know, it's heads we win, tails we lose.

The reality is that people aren't making discoveries. The reality is that the major mining companies are burning through their reserves faster than they can replace those reserves. The truth is, we're already seeing it. The numbers are declining. I would add that there's another factor here, which is grade. Ten years ago, the average grade of a gold mining company that they were producing was about 2 grams. It's now 1 gram a ton. This isn't rocket science. If you've got a ton of dirt, it's got 2 grams in it and you've got a ton of dirt that's got 1 gram in it, all things being equal, your cost to production is half that of the one who has lower grade.

Grade is continuing to fall on average. So, when you see the Donlin still has an average grade of 2.2 grams a ton, that's where the industry was a decade ago. That's why we call this story the tortoise and the hare. Just by plotting along, we've seen other projects go by the wayside, other projects get effectively nationalized. When people used to say, "Yes, yes, yes, but that's a 10-year story," we came into the story in 2008, the very end of that year. We said, "Yes, but you know what, it's still the Holy Grail. We'll wait 10 years. If that means that we'll make 10, 20, 30, 40 times our money but we have to wait. That's okay." In the meantime, the industry has only gotten more difficult and the value proposition that we will see unfold in Donlin is going to be understood to be unique.

New discoveries, it's not happening. So you say to yourself, "Yes, but maybe there will be some new discoveries." Okay. On average, if you make a discovery today of, as I said, a whole new gold mining camp, another South Africa, on average it will take you 20 to 25 years between discovery to production. It's game over. Nothing can change what's going to happen to the gold price based simply on the supply/demand fundamentals driven by industry dynamics. You do not have to believe in gloom and doom. I'm actually sitting here with Marc Faber who writes the gloom and doom boom report. I'm more pessimistic than he is. I make him smile. He said, "This is the first time someone's more gloomy..." and I'm not going to go into the reasons why "than I am." I mean we're making history here, folks.

So, the point is, it's already happening. Now, I'd like you to recall for some of you who may have been in the stock, in 2010, our Company went from \$5-ish to \$15, \$16 in a matter of weeks. We will see that happen again. So now just remember what was then and what's now. At that time Barrick was not particularly friendly. They were a headwind due to historical quarrels between Barrick and NOVAGOLD as a consequence of the 2006 takeover. So, they were never there to be able to say

something supportive. Alaska, because of the issues relating to other projects and other project, was viewed as being a place where no way you could permit a project the scale of Donlin. Again, headwind. Stock is going from \$5 to \$15 with headwinds. We had no Greg Lang. We had no David Deisley, Dave Ottewell, Richard Williams. We didn't have a developing and operating Management Team that candidly is viewed throughout the industry as being good enough, if not better than, all the major mining companies out there. They could be running major mining companies. That's our home team.

There was no prefeasibility study on Galore. There was no feasibility study on Donlin and the Company had no balance sheet and the stock went from \$5 to \$15. Basically all of the headwinds, all of the challenges that pertained during that rip-roaring bull market are gone. It's my belief that the next time—because people will look and they'll say this Company is developing what will be in one or two phases the largest pure gold mine in the world, in the safest jurisdiction in the world, with one of the best Management Teams in the entire industry, with discoveries on Galore which gets no value, but will one day be as Donlin will be the largest pure gold producing mine in the world. Galore will one day be the largest and one of the lowest cost copper mines in Canada. That is going to mean a lot. I would much rather be producing in Canada than in many of the other jurisdictions in which you find large copper deposits. We're nearly a year away from permitting.

Barrick is now no longer not at best unfriendly. The relations between Barrick and NOVAGOLD have never been better. We wholeheartedly embrace and support the Barrick Management Team led by John Thornton and Kelvin Dushnisky. We've never had better relations. We watch their back and they watch our backs and it comes right from the top and extends with goodwill all the way to the field. The fact that the former general manager of Barrick's most famous mine, Goldstrike, is now the project manager for Donlin and has moved to Alaska, Andy Cole, actions speak louder than words. The reality is they see what we see.

Now, we're both completely aligned. Barrick is focused, and rightly so, on capital discipline, fiscal responsibility, not having a 'build at any price' mentality. We more than endorse that. We believe it's absolutely the right thing to do. Similarly, our view is that our job in life—because the odds of being able to find a Donlin are about 10,000 to 1 on a good day—our job in life is not to give away 2.5 gram gold to subsidize Chinese and Indian gold consumption. They're going to have to pay the right price for it. One day, for all of the reasons which we've discussed, they will, and we have the answer.

So, with NOVAGOLD, we believe it's a unique opportunity. From a risk/reward standpoint, we don't believe there's a better way to play gold. We can't go out of business for years even if we tried hard. We've got a very strong balance sheet. The assets, best gold asset in the world. We have half of it. One of the best copper assets that somebody's going to make into the best copper mine in Canada. We've got half of that. Again, with an excellent relationship with our partners at Teck. Our stakeholders are supportive. Our production profile, when institutional investors are asking brokers what can we buy, you don't think that one of the things that they will all point to is, "Oh well, you can get into the largest single gold producing mine in the safest place in the world." Our job is to make sure that all the boxes are checked so that when we have another 2010, every institutional investor who wants some octane in their portfolio knows that they want some of us too.

What we've witnessed of late in the GDXJ and the GDX with all of this rebalancing—I remind people it's a double-edged sword—historically, when you have this kind of displacement in what is relatively a small cap industry, yes, there's a downside to that for a period of time. It'll be over. Maybe it is over. Maybe it's a month. Maybe it's two months. But I'll tell you something. If I'm remotely, fractionally right on gold, the next wave of money coming into those ETFs is going to send the participants multiplying three, four, five, tenfold before you can blink. That's the way it really works. All this stuff that's going on with the ETF, so long as you can bear the short term, it's actually foreshadowing the other side of the coin which is much higher prices coming in from those same quantitative algorithms. The Management Team, they're best in breed.

Finally, I can't stress this enough. Institutional investors will want to be able to know that when they go to sleep at night and they wake up in the morning what they thought they owned they still own. You will see not just a bull market in quality North American assets. I believe that you will actually see a bubble in quality North American assets because what will happen is people will start applying zero discount rates to their formulations for U.S. assets. Sound crazy? That's exactly the way it was in the early 1990s before Newmont did the Yanacocha, the frontier spirits took hold and the mantra went from 'safe jurisdictions' to 'go where the gold is.' We're going to see a reversion back to people wanting to be in absolutely safe places with excellent management, high quality assets. We're going to see some of that money and it's going to be a beautiful thing to behold. Thank you.

GREGORY LANG:

Thank you, Dr. Kaplan. To really get an appreciation for just how unique the Donlin asset is, it's helpful to take a look at what else is out there. This slide depicts the next generation of development stage projects. Donlin's the second largest, and size doesn't always matter. Donlin's grade is four times that of the largest undeveloped deposit out there. When you look across the charts, if you can read them, look at the grade of these undeveloped assets. It's rare one of them that grades better than a gram. Grade really does matter. Donlin is the second largest, highest grade undeveloped gold deposit out there. Many of these other ones are in some pretty challenging places, and frankly, uninvestable.

Dr. Kaplan touched on grades a moment ago. We're 2.25 grams. That's twice the industry average and more than twice the average grade of the undeveloped gold deposits. Donlin is far and away the highest quality undeveloped gold deposit in the industry.

The production profile. Donlin will produce 1.5 million ounces a year its first five years and a mine life measured in decades at over a million ounces a year. That's twice any of the other undeveloped gold deposits that are being advanced by other companies throughout the industry.

That slide depicted the next generation of mines, and I think it's helpful to look back at what are now the 10 largest gold mines in the industry. Out of the top 10, there's only a handful that produce a million ounces a year. A million ounces a year gold mine is genuinely a unique phenomenon. When you look at the locations of some of these other assets, they're in pretty tough places. I'd much rather be in Alaska in any of these jurisdictions.

Perhaps the most really exciting aspect about the Donlin property—and I've been involved with this asset for probably eight years now—every year we drilled, we added to the reserves at Donlin. When we hit 40 million ounces we stop drilling and focused on the necessary environmental, technical and financial studies needed to advance this project. But, when you look at the mineralized trend at Donlin, our drilling was concentrated in 3 kilometres of an 8 kilometre system. We haven't even extensively drilled half of it. There's certainly room to double the endowment at Donlin just on the known trend alone. This known trend represents just a few percentage points of our land position at Donlin. The next major gold discovery will probably be on our property up in Alaska.

Donlin has leverage. At current gold prices, has a fairly modest rate of return. At higher gold prices, it goes up substantially. We don't have any intention to build this mine until prices improve and we can really deliver value to our shareholders.

Here are our partners. Barrick is our partner. They've been through a lot in recent years. But we've stuck with this. They're still our partner. They're great partners. They've been working through their balance sheet challenges and are now starting to think about the future. They look at Donlin and we've just got some quotes from our partners and they have a very constructive view of Donlin. Let's get this asset permitted and see what the world is like. There are so few gold deposits of this scale and quality out there.

We've got about a year of permitting left. While we're working our way through the final stages of permitting, we're taking a look at this project and saying, "What makes sense to build given the environment we're at?" Time has been on our side. We started permitting about four years ago and we have never deviated from our commitment to focus this Company on the Donlin asset, get it through permitting and up the value chain and when the time is right we'll take it forward.

The other unique aspect about the land that the Donlin gold project sits on is its in essence private land that's owned by two Alaskan Native corporations. One of them owns the mineral estate and one of them owns the surface rights. We have in essence life of mine agreements with both of these entities. This project is located in a very, very poor part of the United States, one of the poorest parts of Alaska. Our Native partners need this project to go forward for the economic benefit of their people. They have an owner's interest in it. They've been very supportive. As we worked our way through the public comment periods, they were the best advocates we could ever hope for in articulating the need for responsible development on their land.

So, what did we accomplish last year? Permitting is not the most exciting subject to talk about but it's a necessary part of responsibly developing a mining operation in the United States. Last year, we completed our public comment period and we responded to over a hundred additional requests for information from the various groups that are involved with the permitting at Donlin. This work has now been completed. The Army Corps of Engineer, who is the lead federal agency overseeing the permitting, has advised us that they will complete the final EIS in March of 2018 and issue a Record of Decision in July of that year.

Any way you look at it, the end is in sight. For the last five years through high gold prices, low gold prices, good markets, bad markets, we had one singular focus when we restructured this Company five years ago is to advance the Donlin Project to a construction decision. That's hardly a year away from now.

Our Galore Creek Project, we're continuing to look at ways to enhance the value of this asset, and when the time is right, we'll monetize it, provide further funds to advance the Donlin Gold Project.

We're also actively involved in Alaska. Relationships need to be maintained and all of us are out in the communities, we're dealing with the government officials there. We never take for granted the strong support that this project has in Alaska at all levels of the state, government and the Native corporations.

Financially, we're careful with our money. We're going to have, about a year from now, we'll have \$75 million, \$80 million and a permitted project. If we have to, we can make that cash last a long, long time.

So, this is the timeline of where we're at. Clearly, near the end. Yes, permitting in the United States takes a few years. But you know when you get your permits you can keep the assets and the benefits of the projects that you have taken forward. We're operating in a great jurisdiction and we don't view the investment in permitting as anything other than really the blink of an eye when you look at the context of the life of a mining project. It's been over 20 years to get Donlin to a point where it's at now, which is on the cusp of a construction decision. With the mine life of 30-plus years, it doesn't matter to us. We think the time spent getting through the EIS process has certainly been well worth it.

Our other major mining asset is the Galore Creek Project in British Columbia. We co-own this with Teck. They're great partners. They understand our intentions are to sell it when the time is right and they're helping us with that process. But our treasury is strong. We'll not give this asset away. When we can get what we think it is worth, we'll monetize it.

Again, we have a very strong treasury; just under \$100 million in cash. When you look at where our money goes, which the lion's share of it goes to permitting Donlin, and the greater percentage of our

general and administrative expense is directly related to Donlin. A year and a half from now, the demands on our cash will drop off substantially. So, this Company is in great shape, we're not going out of business and we didn't get here by accident.

We also enjoy a committed long-term shareholder base. Most of our major shareholders who own over half the outstanding shares of this Company have been with us a long time. They look at NOVAGOLD as an unexpiring warrant on an ounce of gold. They all have other gold investments and they appreciate the scarcity value of an asset like Donlin.

So, what's ahead for this year? Finish up the permitting obviously is the key focus of the Company. While we're doing this, we're going to work with our partner on continuing the optimization studies on what makes the most sense to take forward when the time is right. We'll keep our relationships strong and our shareholders at all levels engaged. David Ottewell, our Chief Financial Officer, is a passionate steward of our treasury, and he will keep the Company strong financially.

That wraps it up. We'd certainly be pleased to entertain any questions to Dr. Kaplan and myself.

MALE SPEAKER:

I'm a shareholder for very many years. My question is, how much more capital do you require in order to put the mining to production and when will the first year be when you produce the 1,500,000 ounces that you predicted?

GREGORY LANG:

Well, thank you for being a long-time shareholder. The capital cost, as envisioned in the feasibility study was a little under \$7 billion, \$6.7 billion, to be exact, and since that time we've looked at various means of optimizing that. One of the very simplest things is the owners are tasking themselves with resolving is, do you have to build it all at once? Can you build half now and fund an expansion out of future cash flow? That's for a lot of reasons makes the most sense to us. We're also looking at evaluating, bringing in third parties to share some of the infrastructure such as the gas pipeline, power plant and related.

So, to answer your question, the original feasibility study was \$6.7 billion. Depending on the approach we take, it will certainly be less than that. Timing, about the second half of 2018, we will have the

permission we need necessary to begin construction and that would take approximately four years to build the facility as currently planned. If we build something smaller, that might be done in a lesser period of time.

Everyone, thank you for your interest today and we appreciate you coming.